DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Atlanta Field Office – Audit Division
3003 Chamblee Tucker Rd
Atlanta GA 30341

July 14, 2003

MEMORANDUM

TO: Pat G. Arcuri
Acting Regional Director, FEMA Region III

FROM: for Gary J. Barard
Field Office Director

SUBJECT: District of Columbia Department of Public Works
FEMA Disaster No.1325-DR-DC
Audit Report No. DA-17-03

The Office of Inspector General (OIG) audited public assistance funds awarded to the District of Columbia Department of Public Works. The objective of the audit was to determine whether the Department accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The Department received an award of $771,006 from the District of Columbia Emergency Management Agency, a FEMA grantee, for the emergency removal of snow that resulted from a January 2000 blizzard. The award provided 75 percent FEMA funding for 3 large projects[1] (see Exhibit).

The audit covered the period January 2000 to January 2001. During this period, the Department received $578,255 of FEMA funds under the 3 large projects.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the Department's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

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1 Acording to FEMA regulations, a large project costs $50,600 or more and a small project costs less than $50,600.

RESULTS OF AUDIT

The Department's claim included questioned costs of $80,230 (FEMA share $60,173) resulting from unsupported and excessive project charges.

A. Unsupported Charges. The Department's claim under Project 19 included $28,878 of unsupported force account labor and equipment charges. The Department claimed $82,056 of overtime labor costs but had payroll records to support charges of only $64,641. Accordingly, the OIG questions the unsupported difference of $17,415.

Also, the Department claimed $27,481 for equipment but had daily equipment usage records to support charges of only $16,018. Accordingly, the OIG questions the unsupported difference of $11,463.

B. Excess Charges. The Department's claim included $51,352 of excess materials, fringe benefits, and equipment charges, as follows:

- The Department claimed $254,478 (6,972 tons x $36.50 per ton) for salt material used to complete work under Project 12. The claim was based on the number of tons of material used per vehicle per trip. However, the OIG determined through interview and inspection of project records that the Department charged the FEMA project with 629 tons of material in excess of vehicle load capacity per trip, and for 109 trips (543 tons) in excess of the number of trips that could be reasonably made per vehicle within a 24 hour period. Accordingly, the OIG questions the excess material charges of $42,779 (1,172 tons x $36.50)

- The Department claimed $12,432 under Project 19 for overtime fringe benefit costs based on a fringe benefit rate of 15.15 percent. However, this rate included costs of fringe benefit components (health insurance and retirement) that apply only to regular-time salaries. Using the actual rate of 13.15 percent applicable to overtime labor, the Department's claim should have been $8,500, or $3,932 less than the amount claimed.

- The Department's claim of $27,481 for vehicle usage under Project 19 was overstated by $4,641. The excess claim occurred because the Department charged the project with 714 hours of equipment usage that were in excess of 24 hours per workday. The OIG questions the $4,641.

RECOMMENDATION

The OIG recommend that the Regional Director, in coordination with the grantee, disallow the $80,230 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The results of the audit were discussed with FEMA, grantee, and Department officials on April 25, 2003. Department officials concurred with the findings.

Please advise the Atlanta Field Office-Audit Division by August 13, 2003, of the actions taken to implement the OIG recommendation. Should you have any questions concerning this report, please contact David Kimble or me at (770) 220-5242.

Exhibit

District of Columbia Department of Public Works
FEMA Disaster No. 1325-DR-DC
Schedule of Claimed and Questioned Costs

Large Projects

Project Number	Amount Awarded	Amount Claimed	Amount Questioned
12	$254,478	$254,478	$42,779
17	394, 559	394,559	0
19	121, 969	121,969	37,451
Total	$771,006	$771,006	$80,230